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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

Volume 11

July 1967

SEP 6 1969

Number 12

Released Pursuant to §1090.72(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

USDA AMENDS TWO TENNESSEE MILK ORDERS

The U. S. Dept. of Agriculture has amended the Chattanooga and Knoxville, Tenn. Federal Milk Orders to be effective August 1, 1967. The amended orders have been approved by more than the required two-thirds of the dairy farmers serving each of the markets. This was determined by pooling their cooperative associations. The amended orders are based on a public hearing held May 24 in Knoxville, at the request of dairy farmer co-ops.

The amended orders establish the Minnesota-Wisconsin manufacturing milk price as the Class II price for milk used for manufacturing. Class II milk previously was priced on the basis of local manufacturing plant paying prices for ungraded milk, and on alternative prices based on market quotations for butter, nonfat dry milk, and cheese. Under both orders, the fluid milk (Class I) price will now be announced on the 6th instead of the 10th day of each month. Computations of the supply-demand adjustments were changed to make the earlier price announcement possible.

MARKET SUMMARY - JULY 1967

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$5.76 and Excess Milk - \$3.33. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 32 cents and 9 cents respectively above July 1966.

In July 1967, 76.8% of the producer milk received by pool plants was priced in Class I at \$6.24 per cwt. and 23.2% was priced in Class II at \$3.37 per cwt. The July butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during July 1967 was 17,250,836 pounds which is a decrease of 77,665 pounds or 0.4% compared with July 1966. Deliveries of producer Base milk exceeded producer milk used in Class I by 2,561,290 pounds or percentagewise only 83.8% of Base milk was used in Class I. The July daily average deliveries from 549 producers was 1,014 pounds. This compares to 601 farms delivering a daily average of 930 pounds per day during July 1966.

MILK BASE NOTICE

July is the last month producers will be paid on Base and Excess milk during the year 1967. During the 7 months period of August through February payment for producer milk is made at a weighted average (blend) price. This blend price varies from month to month dependent upon the amount of milk used in each class and the class prices. Bases to be used during March through July 1968 will be calculated from milk deliveries beginning with September 1, 1967 through January 31, 1968. A base is assigned to the producer name (payroll account) as reported by the Association or the handler receiving the milk. Producers, especially partnerships, are urged to see that their account (pay check) name is correctly listed with the handler and the Market Administrator's office.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% July '67 Over July '66	July 1967	June 1967	July 1966
Number of Plants (Pool and Non-Pool)		8	8	9
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 0.4	556,478	584,926	558,984
Other Source	- 38.8	22,847	26,406	37,340
Other Federal Orders	+356.0	46,546	63,292	10,207
TOTAL MILK RECEIPTS	+ 3.2	625,871	674,624	606,531
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	- 6.0	331,945	344,290	353,259
Regular Skim	+ 3.6	15,878	16,687	15,325
Special Skim - (2% Milk)	+132.2	32,291	34,017	13,909
Buttermilk	+ 1.5	40,241	43,439	39,656
Flavored Milk and Drink	- 5.3	12,967	13,185	13,696
Creams (Sweet and Sour)	+ 13.5	2,992	3,059	2,636
Sub-Total - Pkg. Products (Pool Plants)	- 0.5	436,314	454,677	438,481
Other (Shrinkage, Inventory, etc.)		7,159	1,365	681
Sales to Non-Pool Plants		22,527	25,966	19,424
In-Area Sales by Non-Pool Plants		1,337	1,474	3,392
TOTAL CLASS I MILK	+ 1.2	467,337	483,482	461,978
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	- 34.0	43,249	53,963	65,497
Cottage Cheese	- 16.2	31,989	35,594	38,179
Powdered and Condensed Milk		44,134	37,580	6,504
Livestock Feed and Skim Dumped		6,277	8,316	7,292
Sub-Total - Used to Produce	+ 7.0	125,649	135,453	117,472
Shrinkage Class II		9,996	8,221	9,199
Other (Inventory Variation, etc.)		2,550	(9,926)	10,068
Bulk Sales to Non-Pool Plants		20,339	57,394	7,814
TOTAL CLASS II MILK	+ 9.7	158,534	191,142	144,553
Class I Pounds in Area - Pool Plants	- 2.7	272,192	273,903	279,847
Class I Pounds Out of Area - Pool Plants	+ 8.4	193,808	208,105	178,739
Class I Pounds In Area - Non-Pool Plants		1,337	1,474	3,392
% Producer Milk of Gross Class I		119.1	121.0	121.0
% Producer Milk Priced in Class I		76.8	76.0	80.6

AUGUST 1967 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per § 1090.51(a) Amended</u>	<u>Aug. '67</u>	<u>July '67</u>	<u>Aug. '66</u>
Basic Formula	\$4.05	\$4.05	\$4.05
Plus Class I Differential <u>1/</u>	1.95	1.95	1.75
Supply-Demand Adjustment	0.24	0.24	0.04
Class I Price, 3.5% Butterfat	\$6.24	\$6.24	\$5.84

Supply-Demand Comparison: 2nd and 3rd preceding months: May and June

Supply: Lbs. Producer Milk (May 18,955,354 and June 17,547,782) 36,503,136

Demand: Lbs. Net Class I Milk (May 15,434,772 and June 14,460,248) 29,895,020

Utilization Percentage: Producer milk divided by Class I 122

Standard Utilization Percentage: Range 134-138 134

Net Deviation Percentage: Utilization minus Standard Utilization Minus 12

Supply-Demand Adjustment: 2 cents x 12 percentage points Plus \$0.24

1/ Increased 20 cents - May 1967 through April 1968.

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

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JULY 1967	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		14,487,451	3.475		
Less Other Source		1,230,607	3.183		
Producer Milk Class I	76.8	13,256,844	3.501935	\$6.241664	\$ 827,447.66
Gross Class II		4,914,567	4.875		
Less Other Source		920,575	3.125		
Producer Milk Class II	23.2	3,993,992	5.270166	4.715326	188,329.74
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,250,836	3.911323		1,015,777.40
Less Fractional Adjustment					.04
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		244,079			11,639.38
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,175.38
TOTAL VALUE AT TEST		17,494,915	3.881716	5.919389	1,035,592.12
Less Test over 3.5% @ 8.2¢ per point		17,494,915	.381716	.313007	54,760.31
TOTAL UTILIZATION VALUE AT 3.5%		17,494,915	3.5	5.606382	980,831.81
Less Reserve per \$ 1090.71(f)		17,494,915		.046382	
WEIGHTED AVERAGE PRICE - 3.5% TEST		17,494,915	3.5	\$5.56	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		244,079	3.5	5.56	13,570.79
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		17,250,836	3.5		\$ 967,261.02
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,432,702	\$3.37	\$48,282.06	
Total Value of Excess Milk		1,432,702	3.37	48,282.06	
Less Producer-Settlement Fund Reserve @ 4¢		1,432,702	.04		573.08
UNIFORM EXCESS PRICE - 3.5% TEST		1,432,702	\$3.33		\$ 47,708.98
Total Value of Base Milk		15,818,134	5.809655		918,978.96
Less Producer-Settlement Fund Reserve		15,818,134	.049655		7,854.49
UNIFORM BASE PRICE - 3.5% TEST		15,818,134	\$5.76		\$ 911,124.47

JULY 1967 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.35	\$2.92	4.0	\$6.17	\$3.74	5.0	\$6.99	\$4.56
3.05	5.391	2.961	4.05	6.211	3.781	5.05	7.031	4.601
3.1	5.432	3.002	4.1	6.252	3.822	5.1	7.072	4.642
3.15	5.473	3.043	4.15	6.293	3.863	5.15	7.113	4.683
3.2	5.514	3.084	4.2	6.334	3.904	5.2	7.154	4.724
3.25	5.555	3.125	4.25	6.375	3.945	5.25	7.195	4.765
3.3	5.596	3.166	4.3	6.416	3.986	5.3	7.236	4.806
3.35	5.637	3.207	4.35	6.457	4.027	5.35	7.277	4.847
3.4	5.678	3.248	4.4	6.498	4.068	5.4	7.318	4.888
3.45	5.719	3.289	4.45	6.539	4.109	5.45	7.359	4.929
3.5	5.76	3.33	4.5	6.58	4.15	5.5	7.40	4.97
3.55	5.801	3.371	4.55	6.621	4.191	5.55	7.441	5.011
3.6	5.842	3.412	4.6	6.662	4.232	5.6	7.482	5.052
3.65	5.883	3.453	4.65	6.703	4.273	5.65	7.523	5.093
3.7	5.924	3.494	4.7	6.744	4.314	5.7	7.564	5.134
3.75	5.965	3.535	4.75	6.785	4.355	5.75	7.605	5.175
3.8	6.006	3.576	4.8	6.826	4.396	5.8	7.646	5.216
3.85	6.047	3.617	4.85	6.867	4.437	5.85	7.687	5.257
3.9	6.088	3.658	4.9	6.908	4.478	5.9	7.728	5.298
3.95	6.129	3.699	4.95	6.949	4.519	5.95	7.769	5.339

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
July '66	\$5.28 ^{2/}	\$5.44	\$3.24	8.4¢	\$5.767	8.6¢	\$3.28	8.2¢
Aug.	5.27	-	-	9.0	5.84	9.3	3.49	8.4
Sept.	5.66	-	-	9.4	5.87	9.5	4.25	8.6
Oct.	5.65	-	-	9.2	6.01	9.7	3.99	7.9
Nov.	5.68	-	-	8.6	6.09	8.9	3.95	7.8
Dec.	5.65	-	-	8.4	6.07	8.8	3.90	7.6
Jan. '67	5.62	-	-	8.2	6.09	8.6	3.90	7.6
Feb.	5.50	-	-	8.2	6.05	8.6	3.37	7.6
Mar.	5.36 ^{2/}	5.54	3.33	8.2	5.92	8.6	3.37	7.6
Apr.	5.19 ^{2/}	5.45	3.31	8.2	5.94	8.6	3.35	7.6
May	5.33 ^{2/}	5.54	3.32	8.2	6.00	8.6	3.36	7.6
June	5.47 ^{2/}	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 ^{2/}	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	-	-	-	-	6.24	8.6	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS				Basic Formula \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn/Wisc. Mfg. Milk \$-cwt-3.5%	
July '66	3.28	4.02	3.688	71.19	18.83	4.05	4.05
Aug.	3.49	4.17	3.913	73.05	19.63	4.26	4.26
Sept.	3.55	4.25	3.981	74.88	19.73	4.34	4.34
Oct.	3.57	3.99	3.969	68.80	19.64	4.26	4.26
Nov.	3.52	3.95	3.913	67.70	19.74	4.15	4.26 ^{4/}
Dec.	3.50	3.90	3.881	66.49	19.58	4.14	4.26 ^{4/}
Jan. '67	3.47	3.90	3.850	66.47	19.57	4.08	4.26 ^{4/}
Feb.	3.37	3.86	3.750	66.47	19.46	4.02	4.15 ^{4/}
Mar.	3.37	3.86	3.750	66.46	19.48	4.01	4.15 ^{4/}
Apr.	3.35	3.86	3.731	66.45	19.47	3.98	4.05 ^{4/}
May	3.36	3.86	3.744	66.47	19.44	3.96	4.05 ^{4/}
June	3.37	3.86	3.750	66.47	19.47	3.96	4.05 ^{4/}
July	3.37	3.86	3.750	66.47	19.46	3.95	4.05 ^{4/}

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test-%
July '66	9	606,531	461,978	450,482	558,984	520,301	601	930	866	64	3.89
Aug.	9	627,073	467,668	460,875	602,478	-	602	1,001	-	-	3.87
Sept.	9	669,440	573,722	549,013	617,915	-	591	1,046	-	-	3.95
Oct.	9	641,779	534,469	499,096	585,436	-	575	1,018	-	-	4.15
Nov.	9	621,225	507,725	474,427	565,267	-	571	990	-	-	4.20
Dec.	10	642,424	511,500	476,665	575,620	-	572	1,006	-	-	4.22
Jan. '67	9	645,961	508,383	468,006	581,714	-	568	1,024	-	-	4.21
Feb.	9	623,312	489,998	451,595	558,785	-	550	1,016	-	-	4.15
Mar.	9	680,040	518,872	477,073	602,753	554,123	562	1,073	986	87	4.02
Apr.	9	721,150	500,924	463,179	643,759	566,415	555	1,160	1,021	139	3.91
May	9	686,775	497,821	458,593	611,463	553,010	552	1,108	1,002	106	3.96
June	8	674,624	483,482	444,378	584,926	533,490	552	1,060	967	93	3.90
July	8	625,871	467,337	427,640	556,478	510,262	549	1,014	930	84	3.91

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments